5673.0.55.003 - Regional Wage and Salary Earner Statistics, Australia - Data Cubes, 2004-05

Summary

About this Release

These data cubes contain various cross-tabulations of the characteristics of wage and salary earners such as age, sex, occupation, wage and salary income and total income for the year 2004–05. They are an addition to the data cubes previously published under the catalogue number 5673.0.55.001. Most of the data in these tables are presented for each Statistical Local Area (SLA) in Australia. These data have been compiled from the Australian Taxation Office's (ATO) Individual Income Tax Return Database and are part of the Australian Bureau of Statistics' (ABS) program to increase the range of regional statistics available, particularly through the use of administrative information from other government agencies.

Explanatory Notes

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INTRODUCTION

1 These data cubes contain estimates of the total number of wage and salary earners and their characteristics for various levels of the Australian Standard Geographical Classification (ASGC), including Statistical Local Areas (SLAs) and Local Government Areas (LGAs), in each state and territory of Australia for the year 2004-05.

2 Data for earlier years from 1995-96 onwards are also available and are associated with either ABS cat. no. 5673.0.55.001 or 5673.0.55.003. Data for the years 1995-96 to 2000-01 are associated with ABS cat. no. 5673.0.55.001 and data for the years 2001-02, 2002-03, 2003-04 and now 2004-05 are associated with ABS cat. no. 5673.0.55.003.

3 These data have been compiled from the Australian Taxation Office's (ATO) Individual Income Tax Return Database and are part of the Australian Bureau of Statistics' (ABS) program to increase the range of regional statistics available, particularly through the use of administrative information collected by other government agencies.

4 The ABS wishes to acknowledge the support the Australian Taxation Office has provided in compiling these statistics and in assisting the ABS in its aim to increase the range of regional data available to users of regional statistics. Without such support the wide range of statistics published by the ABS would not be available.

CONFIDENTIALITY

5 All individual income tax statistics provided to the ABS by the ATO have been in aggregated form only, at the SLA level. Information about individual taxpayers has not been released to the ABS.

6 These statistics, prior to being provided to the ABS, have also been subjected to a confidentiality process that randomly adjusts cells in tables with small values. This includes altering some small cells to zero. Caution should therefore be exercised in deducing that there are no people in an area with certain characteristics and, in general, no reliance should be placed on cells with small values in tables. The application of this process prevents the risk of inadvertently releasing any information that may identify an individual while, for most purposes, the overall information value of the statistics have not been impaired.

SCOPE AND COVERAGE

7 The main functions and responsibilities of the Australian Taxation Office are to administer taxation legislation and to collect a wide variety of taxes. The ATO therefore collects data from its reporting population as part of its processes to calculate income tax liability for those persons who are required to lodge an income tax return.

8 The ATO database covers all individuals who submit an individual income tax return and includes persons with income from one or more of a range of sources such as wages and salary, own business, superannuation, investments and government pensions, benefits or allowances. However, the scope of the ATO statistics presented in this electronic publication relate only to persons with wage and salary income as their main income source, i.e. wage and salary earners (or employees). These wage and salary earners may also have other sources of income.

9 As the ATO's income tax return is designed to obtain a person's total income from various sources over a financial year, and not the employment status of a person at a particular point in time (as is the case in ABS collections), wage and salary earners have been defined as:

persons aged 15 years and over who have submitted an individual income tax return and for whom wage and salary income was the principal (or main) source of income for the financial year.

10 Wage and salary income, as reported on the income tax return, includes gross income as shown on the 'PAYG payment summary - individual non-business' as well as allowances, commissions, bonuses, tips, gratuities, consultation fees, honoraria and other payments for services. Allowances and other earnings may include car, travel or transport allowances, allowances for tools, clothing or laundry and dirt, risk, meal or entertainment allowances. (Note: PAYG (Pay as You Go) payment summaries were previously known as Group Certificates).

11 Defining wage and salary earners in this way provides an indication of the main employment status, for the financial year, of persons submitting individual income tax returns which, with annual time series data, provide valuable information about employment activity and variations in earned income in regions over time.

12 It should be noted that this definition does not take account of whether wage and salary earners work on a full-time or part-time basis. Consequently, differences in the extent of part-time work may account for some differences in the number of wage and salary earners and average wage and salary incomes across regions. Similarly, average wage and salary incomes may be affected by overtime earnings and multiple job holdings.

13 Wage and salary income is determined as the principal source of income when the income derived from this source (as defined in explanatory note 9 above) is greater than the income derived from each of the following other income groups:

- Commonwealth of Australia government pensions, allowances and other payments;
- superannuation and annuities;
- unincorporated business income;
- investments (i.e. aggregate of gross interest, dividends, net rent and distributions from trusts - non-primary production); and
- other income (e.g. foreign source income).

14 For example: A person reports the following income in their Individual Income Tax Return;

- $11,000 investment income
- $10,000 salary
- $3,000 government allowance
- $2,000 transport allowance, and
- $1,000 honorarium.

15 Based on the above definitions, these would be grouped as follows to establish the main source of income:

- $13,000 wage and salary income (aggregate of $10,000 salary, $2,000 transport allowance and $1,000 honorarium)
- $11,000 investment income, and
- $3,000 government allowance.

16 As the aggregate of income for the categories that make up wages and salary income ($13,000) is greater than the income for each of the other groups of income separately ($11,000 investment and $3,000 government allowance) the person is classified as having wage and salary income as their main source of income.

STATISTICAL GEOGRAPHY

17 The Australian Standard Geographical Classification (ASGC) is used by the ABS for the collection and dissemination of geographically classified statistics. It is an essential reference for understanding and interpreting the geographical context of statistics published, not only by the ABS but also by other organisations, and its use enables comparability across datasets.

18 The ABS uses geographic concordances to enable the conversion of data from one type of geographic region to another. These geographic concordances are generally used to convert data for 'non-standard areas' to data for standard areas used by the ABS. Geographic concordances (or conversions) are expressed as conversion factors based on population.

19 The geographic identifier available on the ATO database is the postcode of the current home address of the individual. Consequently, postcode to SLA conversion factors have been used to concord, or convert, ATO aggregated postcode data to estimates for statistical local areas. The concordances are based on the estimated resident population for each particular year. Data for 2004-05 were calculated on SLA boundaries effective at 1 July 2005 as defined in the detailed main structure of the **Australian Standard Geographical Classification (ASGC), Volume 1, 2005** (cat. no. 1216.0).

20 The concordance process:

- minimises confidentiality restrictions as data are not output for postcodes with small populations;
- enables the data to be more easily compared with standard ABS output;
- enables the data to be output for other standard ABS geographic areas such as Statistical Divisions, Statistical Subdivisions and Local Government Areas; and
- provides flexibility so that data can be provided for the different regions of interest being studied by users of regional data (which are usually groupings of SLAs and/or LGAs).

21 When analysing concorded data the following limitations of this methodology need to be taken into account:

- in applying the concordances it is assumed that the particular characteristics of any data item are uniformly distributed across a postcode area and therefore concorded data may not truly reflect the distribution of the characteristics of the population. In some cases, where the same postcode is split across two or more SLAs and there are no other contributing postcodes, distinct numerical estimates will be derived but rates or averages will be identical for each SLA (as these will be equivalent to the original rate or average of the contributing postcode);
- the conversion factors are based on total population only but have been applied across all ATO data items, i.e. the number of wage and salary earners, wage and salary income, total income and sex, age and occupation groups;
- some official postcodes (such as PO boxes, etc.) do not correspond to residential areas but may still have been reported under the current home address field on the income tax return. Data for these and other 'invalid' postcodes, such as those due to incorrect reporting or processing errors, have been included in an 'unknown' category for each state and territory and for Australia where the state or territory was not known; and
- concorded figures have been rounded so discrepancies may occur between sums of the component items and totals.

22 While care was taken in producing the concordances the ABS will not guarantee the accuracy of concorded data.

OTHER LIMITATIONS TO DATA

23 In addition to the methodological and definitional issues already highlighted (such as the number of wage and salary earners defined over a whole or any part of the financial year rather than at a point in time, use of postcode to SLA concordances and the randomisation of small cells) some other limitations need to be taken into account when analysing the data. For example,

- a number of low income earners, including wage and salary earners, are not required to submit a tax return and therefore may not be included in the statistics. For example, where income is below the annual tax free threshold and tax was not withheld, a return is not required to be submitted to the ATO.
- some persons may move address over the course of a year and consequently their wage and salary income may not all relate to the current home address or postcode area (and therefore the SLA) as reported on the income tax return;
- generally, around 95.0% of individual income tax returns are processed within one year and around 99% within two years of the end of each particular income tax year. Consequently, a small proportion of returns may not have been processed at the time that these statistics were compiled and would not be included in the estimates presented. No attempt has been made to estimate or revise the data for any records submitted to the ATO after these statistics have been compiled.

24 Overall however, the limitations outlined above are considered to be relatively minor factors which do not limit the general use of the data for the broad purposes intended.

AUSTRALIAN STANDARD GEOGRAPHICAL CLASSIFICATION

25 The statistics in this electronic release and accompanying data cubes are presented according to the Australian Standard Geographical Classification (ASGC), 2005. Under this classification, statistical areas are defined as follows:

- **Legal Local Government Areas (LGAs)**: These areas are the spatial units which represent the geographical areas of incorporated local government councils and incorporated Community Government Councils (CGCs) where the CGC is of sufficient size and statistical significance. The various types of LGAs are cities (C), NSW local government areas (A), boroughs (B), rural cities (RC), towns (T), shires (S), district councils (DC) and municipalities (M).
- **Statistical Local Areas (SLAs)**: These geographical areas are in most cases identical with, or have been formed from a division of, whole LGAs. In other cases, they represent unincorporated areas. In aggregate, SLAs cover the whole of a state or territory without gaps or overlaps. In some cases legal LGAs overlap Statistical Subdivision boundaries and therefore comprise two or three SLAs (Part A, Part B and, if necessary, Part C).
- **Statistical Subdivisions (SSDs)**: These are of intermediate size, between SLAs and SDs. In aggregate, they cover the whole of Australia without gaps or overlaps. They are defined as socially and economically homogeneous regions characterised by identifiable links between the inhabitants. In the non-urban areas an SSD is characterised by identifiable links between the economic units within the region, under the unifying influence of one or more major towns or cities.
- **Statistical Divisions (SDs)**: These consist of one or more SSDs. The divisions are designed to be relatively homogeneous regions characterised by identifiable social and economic units within the region, under the unifying influence of one or more major towns or cities.

26 Further information concerning statistical areas, including information about recent changes to boundaries, is contained in **Australian Standard Geographical Classification (ASGC), 2005** (cat. no. 1216.0). The ASGC also includes a complete series of maps showing SLAs.

DETAILED TABLES

27 Data on other characteristics are available for the wage and salary earner population for each of the years 1995-96 to 2004-05. These data are available as data cubes (Excel spreadsheets) and include various cross-tabulations of characteristics such as age, sex, occupation, wage and salary income and total income. Below is a complete list of the tables available.

> Table 1: Total Wage and Salary Earners, Total Wage and Salary Income and Average and Median Wage and Salary Income By SLA.
> Table 2: Age, By Sex and SLA.
> Table 3: Occupation (Major Groups), By Sex and SLA.
> Table 4: Occupation (Major Groups), By Age and SLA.
> Table 5: Wage and Salary Income, By Sex and SLA.
> Table 6: Wage and Salary Income, By Age and SLA.
> Table 7: Wage and Salary Income, By Occupation (Major Groups) and SLA.
> Table 8: Occupation (Selected Minor Groups), By SLA.
> Table 9: Wage and Salary Income, By Occupation (Selected Minor Groups) and SSD.
> Table 10: Total Wage and Salary Earners, Total Income and Average and Median Total Income By SLA.
> Table 11: Total Income, By Sex and SLA.
> Table 12: Total Income, By Age and SLA.
> Table 13: Total Income, By Occupation (Major Groups) and SLA.
> Table 14: Total Income, By Occupation (Selected Minor Groups) and SSD

28 Note: From 2002-03 the occupation classification detailed in Australian Standard Classification of Occupations, Second Edition, 1997 (cat. no. 1220.0) was used in the tables containing the occupation variable. Prior to 2002-03 the Australian Standard Classification of Occupations, First Edition, 1990 (cat. no. 1223.0) was used.

ROUNDING

29 Due to the application of both the postcode to SLA concordance and the randomisation process, totals for each

variable and geographic area may differ from table to table. Concorded figures have been rounded while column and row totals have been derived after the random adjustment process has been applied. The random adjustments have been made only to very small cells. However, the more detailed a table is, the greater the likelihood of small cells being present. This is particularly the case for SLAs with small wage and salary populations. The randomisation of small cells has only been applied at the SLA level and for most purposes the value of the data has not been impaired. Differences in totals between tables are not significant and can be ignored.

30 Furthermore, where figures have been rounded, discrepancies may occur between the sums of the component items and totals. Proportions and rates have been calculated on rounded figures and may differ slightly if calculated on the unrounded numbers.

FURTHER INFORMATION

31 For further information about these statistics, contact the National Information Service on ph: 1300 135 070.